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The sociality of cultural industries: Hong Kong's cultural policy and film industry

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THE SOCIALITY OF CULTURAL INDUSTRIES
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In this article, I explore the sociality of cultural industries by analyzing the film industry in Hong Kong. In particular, the social networks and relationships at multiple scales – across national boundaries, within local settings and on production sets – are examined, revealing their critical role in contributing to the health of the film industry. The risks faced at various steps of the production, marketing and distribution process are ameliorated by trust relations, built up through time between social actors in spontaneous ways. While Hong Kong cultural policy in part seeks to create the social and spatial contexts within which social networks may develop, most cultural workers are doubtful about the efficacy of policy in influencing often intangible, inchoate relationships.

KEYWORDS film industry; risk; trust; social networks; cultural policy; Hong Kong

Prologue

Small, crowded, lacking in natural resources, reliant on human capital and the surrounding region for "hinterlands" and markets, Hong Kong has traditionally been a strong trade and manufacturing economy. In the 1980s and early 1990s, it thrived as a newly industrialized economy, but since the late 1990s, has had to rethink strategies to counter effects of the Asian financial crisis. Like other "Asian tigers", Hong Kong has recently been looking for new innovation-led, knowledge-based economic strategies. In this regard, some governments have "discovered" cultural industries, and policy makers have attempted to shape conditions for their development.

Much has been written about cultural industries across a number of disciplines: geography (Crewe & Forster 1993; Coe 2000; Brown *et al.* 2000; Pratt 1997a, 2000; Scott 2000; Leyshon 2001; Bassett *et al.* 2002; Gibson *et al.* 2002), sociology (Zukin 1995; Du Gay & Pryke 2002; Stevenson 2003), media and communications studies (Cunningham 2001; Hesmondhalgh 2002), urban planning (Landry 2000) and economics (Caves 2000; Howkins 2001). Very little of this has been focused on Asia (see, however, Kong 2000; Kim 2001; Hui 2004). Primary attention has been given to Western Europe and the United States. Yet, the rise in production and consumption of Asian cultural products is evidenced in the significance of creative industries such as the film industries in Bollywood, Hong Kong and Korea, Cantopop and Mandarin pop, and Japanese manga and anime productions. Governments in Korea, Singapore and Hong Kong have all come to acknowledge and activate this nexus between culture and economy. Through both public policy and private enterprise, cultural activities have become increasingly significant in the economic regeneration strategies in many Asian cities.

The literature on cultural industries has interrogated a host of questions, too many for comprehensive coverage here. To illustrate, there are those who have sought to define what constitutes a cultural economy (Pratt 1998; Scott 1999, 2000), explore the impacts of different organizational structures and types of markets on the diversity and range of cultural products (Pratt 1997b), examine local-level cultural policies that aim at stimulating economic development (Pratt 1997b), the role of cultural quarters/clusters (Crewe & Forster 1993), the role of the firm in cultural production in Fordism and post-Fordism (Christopherson & Storper 1986), the contribution of cultural industries to employment (Gibson *et al.* 2002) and the commodification of cultures (Jackson 1999). In this article, I wish to explore only one dimension of cultural industries – namely, the sociality of cultural industries in Hong Kong, and how that is exploited by policy makers. I begin by examining the existing literature to explain what I mean by the "sociality of cultural industries" – that is, both the social bases and the social roles of cultural industries. I then examine the views of industry players about the importance of social networks, interpersonal relationships and trust in sustaining their industry. I follow with a brief elaboration of Hong Kong's cultural policies, particularly its promotion of the film industry. I analyze two government policies aimed at facilitating the development of networks and relationships for the growth of the film industry, and conclude that government policies are neither necessary nor sufficient conditions for developing cultural industries' social bases.

Interviews were conducted for this study, and government documents and newspapers were analyzed. A total of 28 interviews were conducted with practitioners (production company managers, producers, directors, scriptwriters, actors, investors) in the film industry as well as government officials and researchers in Hong Kong in December 2003, January and June 2004. Interviews lasted between 45 and 180 minutes, and were conducted in English, Mandarin and/or Cantonese. They focused on issues of risk, trust, social relations, clustering and the future of Hong Kong's film industry. Government documents spelling out Hong Kong's cultural economic policies were also examined, as were newspaper reports on the film industry.

Act 1: The Sociality of Culture and Cultural Industries

Act 1, Scene 1: Culture as a Social Phenomenon

Culture is a social phenomenon. Scott (1999, p. 807) highlights how it is "an immanent construct whose character can only be seized in terms of the wider systems of human relationships with which it is intertwined". He illustrates the sociality of culture in four ways. First, viable topics for art are drawn from social and political life. Second, artistic work is always moulded by the context in which it occurs. Third, art depends on interpersonal norms and languages for communicability. Finally, the social profile of art consumers influences producers' conception and presentation of their work (Scott 1999, p. 808). Cultural production must therefore be understood within the domain of the social. Certainly, the cultural economy in capitalism is another way of (re)producing not just the cultural, but the social as well. In recognizing the sociality of culture and cultural industries, researchers must acknowledge that economistic approaches to the study of cultural economies using national-level broad-based aggregate economic statistics (e.g., Ooi & Chow 2002) are useful in the making of cultural policy, but urgently need to be complemented by interrogations of the *social* bases of production and consumption. This kind of analysis is what this article hopes to advance.

Act 1, Scene 2: The Social Bases of Cultural Industries

The concept of "embeddedness" is central to understanding the social bases of cultural industries. It suggests that "economic action, instead of representing some kind of free-floating logic or rationality, is embedded in networks and institutions that are socially constructed and culturally defined, and therefore is influenced by aspects such as mutuality, trust and co-operation" (Coe 2000, p. 394). Indeed, economic processes are "embedded in key social actors and their networks" (Coe 2000, p. 394). To understand the social bases of cultural industries therefore requires an understanding of the nature of networks.

Network building: The social dimensions of action. Networks take myriad forms. Borrowing from the analysis of new media industries, we know that networks exist "within, without, and across firms, financiers and clients" (Pratt 2000, p. 432). Networks exhibit particular characteristics. Coe (2000, p. 395, citing Amin & Hausner 1997) pointed to four. First, the rationale for a network shapes its scope and arrangement. Second, networks reflect their social, cultural, institutional, geographical and historical contexts. Third, the strength of ties within networks varies (see also Grabher 1993). A network with strong ties may be able to secure unity of purpose and rapid action, but foster dependent relations and lack of adaptability over time; a network with loose alliances may be more difficult to mobilize, but may offer a broader range of alternative actions. Fourth, power relations exist within networks; thus relationships may be neither egalitarian nor reciprocal.

To these I would add that networks may be place-based or may jump scales, traversing space. I will elaborate first on the former. Cultural production is rooted in communities of workers within a particular place – for example, craft and artistic communities. Such place-based cultural communities "are not just foci of cultural labour in the narrow sense, but are also vortexes of social reproduction in which critical cultural competencies are generated and circulated" (Scott 1999, p. 809). They attract other talented individuals, who migrate to join these communities. These communities are "collectivities" whose members are engaged in "mutually complementary and socially coordinated careers" and are "repositories of an accumulated cultural capital" (Scott 1999, p. 809). Institutional infrastructures such as schools, training and apprenticeship programmes, workers' organizations and industry associations serve to sustain cultural capital within the community. These features serve as an overarching order, the "industrial atmosphere" that Marshall (cited in Scott 1999, p. 809) referred to decades ago. In addition to coordination, cultural communities that group together benefit from sharing codified as well as tacit knowledge. Collective learning and transfer of knowledge arise from such frequent interactions within a cluster, including interactions through subcontracting and servicing relationships, with these economic interactions often merging seamlessly into social interactions (Capella 1999; Bassett *et al.* 2002, pp. 172–173). These traded interdependencies cause groupings of employment and concentrations of particular activities/cultural industries to occur in major cities. As a consequence of these place-focused cultural communities, cultural products often become associated with particular locales, and the consequent "reputation effect" becomes the source of location-specific monopoly rents (Scott 1999, p. 810).

However, networks need not only be place-based. Pratt (2000, p. 14) has observed that one of the most important things for cultural producers is their address book, their network of contacts. This is an important economic commodity, particularly because

coordinating cultural production is often an "interdisciplinary task", relating different activities and diverse groups of producers. (e.g., artists, software developers, television, advertising). For those who argue that analysis of networks in cultural industries should decentre the place-based cluster, the notion of the address book is helpful (e.g., Coe 2000; Coe & Johns 2004; Turok 1993). Coe (2000) emphasizes the significance of social networks that cut across geographical scales in obtaining finance and securing distribution for Vancouver's film industry. Without dismissing the importance of the local, he uses Cox's concepts of "spaces of dependence" and "spaces of engagement" to understand the cross-border nature of social networks. On the one hand, spaces of dependence (place-specific localized social relations) help to explain how local relations help to meet the needs of actual film production. On the other hand, spaces of engagement ("networks of associations constructed to facilitate events within the space of dependence" (Coe 2000, p. 399, quoting Cox) help to explain Vancouver producers' relationships at the international and national level that are instrumental in procuring funding and distribution rights. My later analysis of the Hong Kong film industry elaborates on this cross-border sociality.

Beyond the traded interdependencies discussed above, there are also untraded interdependencies emphasizing the role of social relations forcefully. They refer to various aspects of informal networking that "underlie relationships of trust and reciprocity and tacit codes of conduct between firms" (Capella 1999; Bassett *et al.* 2002, p. 172). Here, frequent social interaction leads to "trust-based, co-operative behaviour" (Bassett *et al.* 2002, p. 172), which helps in risk management.

Social trust and the management of risk. The cultural sector is a high-risk sector. Workers in cultural industries tend to be more flexible in terms of tasks and work hours; are highly mobile, often working on several short-term projects at once; are more likely to be self-employed and face job insecurity; and are less likely to be unionized (Zukin 1995, p. 13). The risks are evident in the "manifest tension for new creative workers who are highly reliant on informal networking but without the support of these being underpinned by any institutional 'trade association'" (McRobbie 2002, p. 519). The personal risk in cultural industries is also more marked than in other industries "because of the lack of any formalized career trajectory commensurate with the linear, learning stage models of business development embedded within banks, enterprise agencies, training programmes and other support institutions" (Banks *et al.* 2000, p. 460). Creative workers have sometimes addressed this by engaging in cultural industry work on an informal or part-time basis, earning the majority of their income from other sources. Gibson *et al.* (2002, p. 184) attribute this to the level of risk associated with the "variability of income streams" from creative work.

The experience of risk is often countered by relationships of trust, a form of social solidarity that involves "mutual narrative and emotional disclosure" (Banks *et al.* 2000, p. 457). Banks *et al.* (2000, p. 459) suggest that risk is minimized and managed through networks of social relations. "Tempering or spreading the risk" in this manner allows the cultural economy to be sustained even in the lack of formal institutional support. As Banks *et al.* (2000, p. 463) conclude, risk management and trust negotiation take place in informal contexts, through "social networks and social spaces". Such ties of trust help to break down industry boundaries, eventually becoming part of the creative process, helping to foster collaboration and/or new products.

Act 1, Scene 3: The Social Roles and Implications of Cultural Industries

From the 1990s, scholars have emphasized the importance of comprehensive holistic cultural planning that is truly regenerative not only in the economic sense, but in relation to social and community development. Bianchini (1993b, p. 211), for example, has argued that to be truly effective, cultural policies should not be measured purely by income or employment generated, but should contribute towards improvement in the quality of life, social cohesion and community development. The really important mission is to develop a cultural planning perspective that is "rooted in an understanding of local cultural resources and of cities as cultural entities – as places where people meet, talk, share ideas and desires, and where identities and lifestyles are formed" (Bianchini 1993b, p. 212). To do so requires there to be "an explicit commitment to revitalise the cultural, social and political life of local residents" and this should "precede and sustain the formulation of physical and economic regeneration strategies" (Bianchini 1993b, p. 212). Wynne (1992, p. x) similarly calls for the arts to be a daily part of people's lives, socially and economically, and argues that only then will they "reside within the wider community associated with that everyday life, rather than existing as an appendage to it … in some exclusive arena outside of everyday experience". In this way, cultural industries do not only have social bases, they have social roles to play, contributing to the development of cities as cultural and social entities, and becoming a part of people's daily lives, socially and economically.

For cultural industries to have a social-cultural role for a local community, there are significant contradictions that need to be resolved. First, many cultural industries, particularly when stimulated or led by state/urban regenerative policy, tend to be elite flagship programmes enhancing urban competitiveness. On the other hand, any policy foregrounding the social role of cultural activity is more likely to give emphasis to decentralized, community-based provision of more popular cultural activities, targeted particularly at low income and marginalized social groups. Second, when cultural industrial policy is envisaged to be an internationalization strategy in order to reap the best economic benefits, this runs up against the need to protect and develop indigenous local and regional identities and the cultures of socially and economically disadvantaged communities (Bianchini 1993a, p. 19). The inherent tensions in the economic and social roles of cultural activities are apparent in Hong Kong as well.

Act 2: The Film Industry in Hong Kong

Script: The set: Hong Kong. The film industry, despite its long history, is a risky business. The key players, from investors to producers and directors, actors and crew, all face risk in their work. The government wants to promote the industry and attempts to help manage the risks through its policies, including those that address funding and space. Meanwhile, industry dynamics emphasize social knowledge, key relationships and mutual trust. Few policies and initiatives recognize this. Those that do so, have been limited in effect.

Act 2, Scene 1: Risks

The film industry in Hong Kong experiences many of the same risks that have come to characterize other cultural industries, though also differing on some counts in the unique

risks it faces. Evidence suggests that a significant degree of risk aversion is evident at every stage, from pre-production to production to distribution.

Banks *et al.* (2000, p. 458, citing Bell) suggest there is low financial risk in starting up cultural businesses whereas the primary investment comes from the "subjective (personal) knowledge which they are prepared to commit to the project". This must be contrasted with the high financial risk associated with the film industry, as my interviewees shared. At inception, the high risk of investing in movie-making is evident in the difficulties that firms of all sizes and ambitions have in securing bank loans to finance their ventures. An officer of the Hong Kong Arts Development Council revealed that banks in Hong Kong are generally reticent because the film industry is perceived as a high-risk investment, which in turn reflects partly their lack of familiarity with film-financing, and partly the relative decline of the Hong Kong industry in recent years. It is also largely because of uncertain revenues, given competition with parallel imports and piracy (Interview with Alan,[1] Producer/Director/Scriptwriter, 10 December 2003). Even large reputable companies encounter banks' risk-aversion. As a senior director of one of the largest Hong Kong film companies described, government efforts to help by introducing the Film Guarantee Fund[2] did not coax banks to bear any/much risk:

> [To use the fund], they have a condition, which is, if I have a production budgeted at 6 million HKD, you need to come up with 2 million first, one third of the capital. Then you can borrow 4 million from the banks. Then again, you need to buy a completion bond first. Only with that will they lend you the 4 million. And of the money you recoup, you must first repay the bank. If the grand total revenue you recoup is 4.5 million HKD, to put it differently, have you not lost 1.5 million? Of this 1.5 million, it all comes from your own pocket; the rest of the revenues must be repaid to the banks. So if you have only a total revenue of 3.5 million, I would have made a loss of 2.5 million HKD. I already have lost my own 2 million invested, and it's not even enough as I have to come up with another 500, 000 HKD to pay the bank. (Interview, 17 December 2004)

Assuming there are investors willing to venture financial outlay, other risks still need to be borne. One of the assessments of the Hong Kong film industry is a lack of new talent in directing, acting, backstage work and so forth ("From opera to martial arts: A tribute to stunt workers", *South China Morning Post*, 5 March 2004). Simultaneously, the risk of failure is high with unknown abilities, prompting producers to be cautious in their choice of a team. Those more open to risk-taking argue that there is no fail-safe way of ensuring success except to place confidence "in your own script, that it will work with anybody" (Edward, Advisor to MD, Action Films (HK), 7 January 2004). While it has been observed that "there are some people [who will] do some lower-budget movies [and] work with new filmmakers", it is a risk that few will take because "if you don't have the stars, you just don't draw the audience" (Peter, Film Investor/Producer/Lecturer, 7 January 2004). Furthermore, apart from the risks faced by investors, producers and directors, film industry workers also bear risks because the project-based nature of the industry implies that jobs are intermittent, as the vice-president of a film production company reminded me: "I don't 'feed' so many people, the employment is on a film-by-film basis. … They do not have iron rice bowl" (Interview, 15 June 2004).

Act 2, Scene 2: Social Networks and Social Capital

Coe (2000, p. 397) notes that in the independent film and television production sector in Vancouver, Canada, production companies rely on their personal relationships with key

decision makers to succeed, including relationships with producers, executive producers, talent agents, entertainment lawyers and business affairs executives who negotiate the deals. Indeed, producers generally have to "construct, develop and activate social networks of international extent in order to leverage the necessary funds and distribution deals for their own productions to be viable" (Coe 2000, p. 399).

Evidence from Hong Kong's film industry suggests that the social networks and relationships that help to make the industry tick may be conceptualized at a variety of scales: the international, local and micro-local.[3] Partly corroborating evidence from Vancouver, but also drilling down to an even more micro-scale of analysis, Hong Kong producers and directors explained the multiple social networks that facilitate their work. For example, in international co-productions, the choice of producers and directors across national boundaries did not only rely on whose work and track record were known to them, and the search for investors did not only depend on business approaches – prior and existing relationships were often called upon. Thus producer Robert, who originally hailed from Taiwan and moved to Hong Kong in the 1970s to set up a film production and distribution company, continues to support many of his productions with Taiwanese capital even now, and travels frequently to Taiwan to discuss scripts and to sign on artistes. Despite the decline in market share of Hong Kong films, his staff feel that "because our boss is very experienced in this industry, and because his friends, his connections in Taiwan do help", they could still survive in the highly competitive industry. Indeed, the potentialities of cross-border social networks loom large in the minds of Edward (Advisor to MD, Action Films, 7 January 2004) as he thinks of China's opening up:

> The important thing from China is not just the market. There are a lot of talents and creative people, technical people, who can mingle with the HK crew to work together. Like in our current production, we have people from Beijing working with the Hong Kong crew. We need to build these ties and develop these relationships for the future. … This opening up is the beginning of a process rather than saying that, once we have CEPA,[4] everything will turn well overnight. No. It is a long-term developing relationship.

While these cross-border international relationships are apparent, the linkages are densest within Hong Kong itself. These social networks are critical for different stages of the industry. Producer/director/scriptwriter Johnson (Interview, 5 January 2004), twenty years in the business, asks rhetorically: "After over 20 years, how many people do I know? [laughs] Take make-up workers, for instance. I know every single one. So in this circle, we basically know one another, and it's very easy if we want to collaborate." Strong networks also facilitate distribution and the securing of rights, as Selina (Interview, 12 December 2003) of Golden Crown shared: "We enjoy very good relationships with distribution firms because we have been in this industry for a long time and we know them for a long period of time. Their firms' staff may change, but we continue to maintain contact." Such relationships are also critical across related institutions. Chan Kang of the Arts Development Council underscored the importance of strong linkages between acting academies/schools and film companies so that they might develop a thickness of relationship to sustain the future of the industry:

> The institutions have to try harder to forge a certain connection with the industry. The industry is not going to approach them, so they have to work even harder to make the industry know how good their students are, and if possible, throw them out to work before they graduate. They could actually rest for a year and just move out to be a production

assistant and come back for the final year. I think things like that could happen. It's not been done enough currently. (Interview, 24 December 2003)

In much of the literature on cluster theory, these networks and relationships are believed to be thickest and most helpful in offsetting risk when individuals and companies are located proximately. Clustering leads to increased capacity for learning and innovation since it is believed that one learns from being close to competitors, and is encouraged to collaborate when in mutual best interests (Bassett *et al.* 2002, p. 173). As Banks *et al.* (2000, p. 462) elaborate:

> the possibilities for cultural firms to manage or circumvent risk is enhanced through such dense social and spatial matrices of internal and external, social and professional ties situated within a small area of the city centre and city fringe that encourages networking and cross-sector fertilization through a series of consumption spaces (bars, cafes, restaurants), events (festivals, trade initiatives) and alliances (… the Northern Quarter Association).

However, Martin and Sunley's (2003, pp. 11–12) proposition that the geographical *scale* of clusters deserves consideration is borne out empirically in Hong Kong's context. As Vincent (Interview, 13 December 2003), a researcher, argues, clustering must be viewed at a different geographical scale, as "not just within Hong Kong, because in Hong Kong there is very limited space where you can cluster". Instead, he sees clustering in terms of the interactions and division of labour between Hong Kong and nearby Pearl River Delta in southern China, thus lending empirical weight to the theoretical argument that it is critical to examine clustering at different geographical scales – in this case, in cross-border ways.

Complementing the international and local networks are interpersonal and social relationships on the set that are crucial to success. These micro-local interactions require time to develop and strengthen. In the view of director Teng, they make the difference between a movie and a good movie:

> For us, we are not the sort who can do a film well in two or three days. We need time to develop our team spirit which means we need a longer period of time so that we can form a family-like relationship. We won't do two films simultaneously. … [W]e try to make sure people are not distracted too much by other things. It's only like that that we can form an understanding when we work together. … Even if I feel you are good, it doesn't mean you can cooperate with others. It's all about group dynamics. (Interview, 29 December 2003)

In brief, I have illustrated through Hong Kong film-making the critical importance of social networks and capital derived from interpersonal relationships at multiple scales: international, local and micro-local. Clustering within Hong Kong is viewed as less relevant than cross-border sociality and the potential is in fact evaluated as lying in a large-scale cross-border south China-Hong Kong cluster.

Act 2, Scene 3: Trust

Director Teng's characterization of relationships on the set takes us beyond the establishment of social networks to a deeper level of relationship-building, fostering trust. The risks faced by different protagonists at different stages of the film-making process are ameliorated and managed by trust relationships. Beginning with the search for investors in a project, trust among main players is a key condition that helps investors make that

commitment. Two producers, one responsible for a recent highly successful production and another from a medium-size company, shared their observation of the importance of trust, in one instance emphasizing the trust that potential investors would place in known directors, and another in "just an idea and some artistes", without even the need for a script. As one of them shared:

> In the early 90s, when you wanted to do a film you needn't even have a script. You need maybe to have just an idea and some artistes and then the distributors would be willing to foot the deposit. And then the deposits could be half the budget. With the Americans and the Europeans, you need a complete script and according to the story, you must set the cast. (Interview, 6 January 2004)

This reference to Americans and Europeans reveals how international collaboration involves parties that often do not share the same coded knowledge and social experiences, therefore resulting in a lack of trust which others in Hong Kong are more likely to have developed over time. To be sure, the more competitive climate has made investors much more cautious, as Alan (Interview, 29 December 2003) pointed out:

> In the past we may easily sell for a good price before production, but now they [the buyers] want to see very detailed proposals, such as your script, what is the cast, who is the director; and then they would want to see a portion, if not all, of the film before they give us a valuation. In the past, during pre-production, we need not provide so much data and yet we already secured the funds.

Just as trust is important in the difficult first stage of securing funding, in subsequent stages of constituting project teams, progress of film production and securing distributors trust relations remain critical. Numerous producers, directors, actors, investors and scriptwriters spoke of the importance of choosing a good director and then placing full trust in them, letting them choose a team and get on with the work. One producer put it this way:

> You have to trust the director. If you don't trust him, then you might as well forget about the whole project! In the same way, the director also has to work with the producer he can trust because he counts on the producer to support him. And when the producer tells him some problems, some situations, he has to be sure that that is the actual case and the producer has done everything within his power to solve the problem before he brings it up to him [the director]. So the trust has to be mutual. (Interview, 7 January 2004)

Directors also speak of keeping a core crew for all projects. One had worked with his team for more than ten years, believing that a regular core crew shares good dynamics, a strong understanding of working styles, and trust in one another's judgements, while leaving room for additional new members who can bring different creative perspectives. Others have a range of freelancers they can call upon regularly.

Increasingly, as film production companies adopt international co-productions as ways of reaching wider audiences, putting together teams that can work well together have become more challenging. A director with significant experience of working in blockbuster collaborative ventures emphasizes the centrality of trust, built on friendship and reputation:

> So if they trust you, you share, then it will work out very well. Like [name], he's the director and we're closely in touch and he's doing a very big movie in Australia. But that sort of friendship, that sort of reputation, it takes time to build you know. On the other hand, you

> have to make sure they understand. When a foreigner comes here, especially the Americans, they don't travel that much, it's very difficult for them to trust somebody. If they don't feel comfortable to come to a new place, and you try to push too much of your culture, or whatever that they don't really understand, that would be a problem. But I think it takes time. Having done a lot of stuff, I have that sort of credit. When we first met, they already felt very comfortable. (Interview, 7 January 2004)

For governments interested in expanding the cultural sector, recognizing the critical importance of strong social networks, social capital and trust cannot be overstated. Yet, while governments can plan and legislate to create an environment conducive to the growth of cultural industries, social relations and trust remain beyond the realm of legislature, and can at best be nurtured and encouraged. It is to cultural policy that I will now turn.

Act 2, Scene 4: Cultural Industry Policy: Promoting the Film Industry

In late 1998, Chief Executive Tung Chee-hwa acknowledged the importance of the arts to Hong Kong's future. Following that, a number of reports and policy documents were produced on the creative industries in Hong Kong, testimony to the government's desire to exploit this potential further (HKADC 2000; HKDOT 2002; HKDSCI 2002; HKGCC 2003; CPU 2003). An enlightened statement in the Hong Kong Arts Development Council Research Paper (HKADC 2000, p. 6) recognized the United Kingdom's approach:

> From the analysis of UK's 'Task Force on Creative Industries', it is clear that government actions are necessary, and must be limited and smart. They do not involve direct investment nor will the government manipulate investment decisions, what it does are only recognizing strengths, create and develop the necessary conditions and environment, leaving the rest for the market to take care of. Hence, it is facilitation rather than intervention.

This foreshadows my later discussion about how the Hong Kong government has attempted to create the necessary conditions for industry players to meet, offering a context where relationships might form. The effort records mixed success as I elaborate later, for the more enduring interpersonal relationships and social capital can neither be legislated nor planned.

In Hong Kong's creative industries strategy, five broad areas have been identified for action: education and training, export promotion, access to finance, digital convergence and creative culture (HKDOT 2002). These broad foci are apparent in the approach to promoting Hong Kong's film industry. Chief Executive Tung Chee Hwa announced in 1997 an initiative to promote the film industry, leading to the establishment in April 1998 of the Film Services Office (FSO) under the Television and Entertainment Licensing Authority (TELA). Its mission is to implement policy initiatives to "create and maintain an environment conducive to the long term and healthy development of the film industry; to facilitate film production in Hong Kong; and to promote Hong Kong films locally and abroad" (see www.fso-tela.gov.hk/accessibility/eng/about_us.cfm). Its functions, complementing the work of other agencies, including that of TELA, may be mapped onto the five broad areas identified by the Department of Trade in its cultural industry policy. For example, through the Film Development Fund (administered by TELA), education and training programmes have been organized. Between 1999 and 2004, workshops for, *inter alia*, film art-work professionals, stuntmen and animators have been held. The FSO has also sought to promote export, in part, through

helping the industry to organize film festivals and exhibitions in Hong Kong and abroad. In efforts to facilitate access to finance, it has administered a Film Guarantee Fund to assist in the development of a film financing infrastructure in Hong Kong. The Film Development Fund was also used to support forums, including the Hong Kong-Asia Film Financing Forum (HAF). The FSO has also aimed to develop an environment where creative work can be carried out. This includes the development of regulatory frameworks (e.g., allowing for the use of pyrotechnic substances to create special effects, and facilitating location shooting in Hong Kong) and the creation of a cultural district (the West Kowloon Cultural District (WKCD)).

Time and space constraints prohibit full discussion of all five areas, or even a comprehensive coverage of policy instruments in selected areas. Instead, I will focus on two strategies in particular, selected because of their specific relevance to my discussion of the social bases of cultural industries. The HAF and the WKCD represent two strategies that attempt to create conditions for the development of social networks and social spaces. I elaborate on each of them and examine industry players' reception to these efforts.

The HAF provides the social context for interactions and relationships to develop while the WKCD provides the spatial context for proximate interactions and communications. The HAF is aimed at creating opportunities for joint investment and co-production of films among Hong Kong and Asian countries, thus promoting Hong Kong as a film production and film financing centre in Asia. The first Forum in 2000 was jointly organized by the Hong Kong Film Directors' Guild, the Hong Kong Arts Centre and the Hong Kong Trade Development Council (see www.fso-tela.gov.hk/FilmDevelopmentFund/FDF_Case_Eng.pdf). The second, co-organized by the Hong Kong Trade Development Council and the Hong Kong Kowloon & New Territories Motion Picture Industry Association Ltd. in March 2005, similarly seeks to provide a platform for Asia's filmmakers and producers to showcase their upcoming feature film projects to potential investors, financiers, distributors and sales agents from around the world, so as to facilitate co-ventures and collaboration of writers, artists, financiers, producers and directors throughout Asia (see www.hkfilmart.com/newsread.asp?Newsid=453).

Interviews with industry players suggest that there are divergent views about the usefulness of such efforts to create contexts for the development of social and economic networks. An Arts Development Council officer extols its virtues:

> The HAF could actually serve as a platform for not only filmmakers, but also the investors and producers to get together. And sometimes there're a lot of behind-the-scene discussions. For example, because everybody knows everybody there, and they also know "oh my god, he's talking to him again!" and "oh, he's talking to that guy". So if I think the budget of a certain film is a little bit too big for me, maybe, number one, I could talk to the other guy who's also talking to the director, and sound out whether he would be interested in co-financing the film. And if we agree on co-financing the film, maybe [with] two of the major investors of the film, we would be able to talk to the director into lowering the budget a little bit [i.e., higher bargaining power]. So that is the things which could take place. At the same time, the filmmakers could also take a more proactive role, in a sense that he could bring together different investors. So people who have never met each other before could actually get together in these occasions, for example, a Korean director who has, like one third of the investment on hand, could come and see people from around the region and his one-third investor could actually end up meeting new possible co-investors, not only for this project but for other things [too], [all due to] this trip. (Interview, 24 December 2003)

On the other hand, Lance, from a major film production and distribution house opined that funding the HAF was a waste:

> Well, it's easy to talk, everybody is interested in talking. Those foreigners don't have to pay to be here, so why not right? But I don't think there is a single success story, no one project has successfully sourced for finance. None. It's just providing an opportunity for people to come here and have fun. The intention is good, but the result is the opposite. Actually co-productions have always been [in existence], so there is no need to organize such a function. If you are a good producer, naturally you have your own headways. So the money spent is actually a waste. (Interview, 17 December 2003)

His view is echoed by a small number of other producers and directors. Thus, those whom the HAF is targeted to benefit acknowledge the efforts, but believe that social ties, networks and trust relationships are not easily cultivated and even less easily replicable.

Apart from introducing the HAF to create a social context for relationships and networks to develop, in April 2001, concept proposals were invited for the development of a newly reclaimed 40-hectare waterfront area at West Kowloon into an integrated arts, cultural and entertainment district to create a new look for Victoria Harbour. The proposed WKCD would provide a spatial context within which cultural industries would develop social networks, and Hong Kongers would find a "cultural oasis to enrich [their] lives" and an attraction to bring in more overseas visitors (Press release, available online at: http://vN-ww.info.gov.hk/gia/general/200202/28/0228222.htm). The first phase of the District was originally due for completion in 2008, but with various oppositions and delays, it is now envisaged for 2011. While not targeted specifically at the film industry, it is intended that the complex of performance venues, theatres and amphitheatres, art and exhibition centres, and museums would also have commercial and retail space that would provide opportunities for clustering of related creative industries, including film companies.

The WKCD has met with diverse reactions from the arts community, including those in the film industry. By far, the most common position expressed by interviewees is that social networks and relationships are a critical factor in facilitating their work, but a cultural district of the nature envisaged is unlikely to facilitate the development of such social bases. This is succinctly expressed by producer/actor/director Anthony:

> It's useless, personal networks are more important. And how many film companies will locate there? Hollywood is different, but they can't replicate the Hollywood model here. Maybe they just don't understand how the film industry functions. The United States is so big, obviously it'll be good if they concentrate film-making in one region. But even so, when you film you do it across the country, and not just within Hollywood. For concentration, probably it makes transport linkages easier, but even Hollywood is very big, many times bigger than the whole of Hong Kong. I can easily leave here [Tsim Sha Tsui] for Yuen Long and reach in 30 minutes. I can also do many things [in Hong Kong] just by calling. So who will want to go into this district? Will every company get a free office there? Here I can reach you in 10 minutes if you want to have a meeting. It's very easy, right? (Interview, 13 December 2003)

Indeed, opposition to the project came from various quarters, expressing a range of objections and reservations. One prominent civic group calling itself "Project Hong Kong" and led by film director Tsui Hark, protested against the development of the cultural district, calling for a focus on talent development (e.g., establishing a film school) rather than

hardware. The local chapter of the International Association of Art Critics called for more discussion and debate as to how the Cultural District would serve as a cultural hub and who the target audience would be ("Review of arts district project demanded", *South China Morning Post*, 2 June 2004). The "Citizen Envisioning a Harbour" lobby group also expressed concern that community needs were neither solicited nor considered. As a senior member of the group argued: "This is supposed to be a cultural centre for the community – what do private developers know about the cultural needs of a community?" Furthermore, "huge sectors of the community were not included in the planning of this site – people who it is supposed to be there for" ("Belated plan for HK arts hub attacked", *Agence France Presse*, 29 April 2004). This view is supported by artists and professionals who have expressed concern at the lack of consultation, fearing that the district would be less a cultural hub than a "developers' colony" ("Lawmakers urge land-policy review: They fear the West Kowloon cultural project will turn into a property concern", *South China Morning Post*, 17 June 2004). Others go further and question the very need for such a district. For example, Paul Zimmerman, principal of a policy and strategy consultancy, and chief coordinator of Designing Hong Kong Harbour District, questions if such a planned cultural district is necessary since Hong Kong already has its cluster – the harbour district, an area between the Eastern Harbour Crossing and Western Harbour Tunnel has 90% of all arts, cultural, entertainment, financial and commercial facilities ("How to save Hong Kong's culture", *South China Morning Post*, 29 April 2004).

The objections are instructive on three counts. First, clustering has evolved naturally, so that deliberate policy and action may be unnecessary. Second, given Hong Kong's size, deliberate clustering seems pointless. Third, insufficient attention has been given to the social dimensions of cultural industry and policy, particularly the social institutions that support cultural industries (e.g., a film school) and the views of the community the cluster is to support and serve. The latter objection serves especially to foreground the social role of cultural industries and the need to take into account the community's needs and aspirations. In brief, the experience of Hong Kong suggests that governments have come to realize culture's economic potential, and through numerous policies, seek to create an environment conducive to the growth of cultural industries. In particular, policies have been introduced to create social and spatial contexts to facilitate interaction and network development. However, social relations and trust remain beyond legislature and executive planning, and cultural policy that seeks to address the social bases of cultural industry is limited in effect.

Epilogue

Economic action is inseparable from the social relations through which it is enacted. Simultaneously, culture is a social phenomenon. Thus cultural industries have social bases, while contributing to the social life of a community. My analysis of Hong Kong's film industry offers insights into the risks involved in the film industry, and how some of these risks are managed through social networks and trust relations. I have illustrated how cultural workers see interpersonal and social ties as critical to their work, and the manner in which trust is slowly built up in different stages of the production process through accretions of events and episodes. Knowing who is available to be called upon to form part of a team, who has what strengths and abilities, believing that one can call on friendships, and recognizing the importance of building trust and understanding – all these constitute means by which industry players carry out their work. Such sociality is multi-scalar, including cross-border sociality, local

networks, as well as micro-local interpersonal ties on production sets. These are not mutually exclusive. Rather, they are nested, as when micro-local interpersonal ties are found in a cross-border production involving producers, directors, actors and crew from multiple settings.

The nature, complexities and depth of social networks and trust relations are not easily replicable. Thus, it remains to ask whether governments may create an environment that supports social relations and community ties so as to enhance the likelihood of success of cultural industries. The preceding analysis of Hong Kong's film industry prompts the conclusion that cultural policy is somewhat impoverished in its ability to resource and develop social relationships and networks. In forging new cultural-economic opportunities, policy is more effective in other aspects (particularly in hardware provision) than in developing and enhancing intangible, inchoate social relationships. Much as governments that seek to develop cultural industries can plan and legislate, therefore, the productive potential of culture remains fully realizable only under conditions of social trust that come with time.

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NOTES

1. Pseudonyms are used throughout this article.
2. The Film Guarantee Fund assists local film production companies to obtain loans from local participating lending institutions (e.g., banks and financial institutions) for producing films. Productions must meet certain eligibility requirements and conditions (see www.fso-tela.gov.hk).
3. Note Coe's (2000) conceptualization of the scales in terms of the international, national and local.
4. This stands for Closer Economic Partnership Agreement. With this agreement, movies produced by Hong Kong film companies will no longer be subject to a quota system in China. The previous requirement of equal share of film workers in co-production has also been reduced to one-third.

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